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Environment report 2024

VARD

VARD
a Fincantieri company

ZERO INJURIES TO PEOPLE

ZERO ACCIDENTS


ZERO LOST TIME INJURIES

ZERO UNPLANNED INCIDENTS

ZERO UNINTENTIONAL DAMAGE TO THE ENVIRONMENT


ZERO VIOLATIONS OF
HUMAN RIGHTS

HEALTH AND SAFETY

Focus on health and safety

At VARD, we strive to foster a sustainable and responsible business that adheres to the highest levels of safety and corporate governance, to protect the welfare of our stakeholders, including our employees, customers, shareholders, partners, suppliers and subcontractors, as well as the local communities which we operate in globally.

VARD's commitment towards building a sustainable and responsible practice remains steadfast and is reflected in our three core values namely Craftsmanship, Fellowship and Salesmanship.

Active approach towards health and safety

Development since 2023

Safety observation reporting decreased 7.6%, from 13 002 to 12 010.

Frequency rate of Lost Time Injuries recorded at 2.5

Sick leave increased 9.5% to the rate 4.6%

Work availability decreased 0.4%, recorded at 95.4%

Health and Safety initiatives remain at the forefront of VARD's business, and the company proactively keeps up-to-date with international best practices to ensure the safety of its global workforce.

Through "Vision Zero", we aim to avoid any harm to both our people and the environment. VARD's HSE training emphasizes the importance of work according to our safety rules and using the right protective gear at all times. Our safety culture encourage employees to feel comfortable enough to report of all types incidents so the organization can focus on learning from mistakes and keep the focus on the lesson learned, and not on possible human factor.

We continue to comply with strict key performance indicators (KPIs) relating to safety across all our shipyards, and benchmark and adopt best practices in terms of HSE work with our parent company, Fincantieri.

The frequency rate of Lost Time Injuries (LTI), of which was recorded at a rate of 2.5 for 2024, down 27.9% due to one particular incident in 2023.

The overall sick leave was recorded to 4.6%, reflecting the positive trend after the end of the Covid-19 pandemic and better than general levels for the maritime industry (5.2%*).

We continue our efforts to handle sick leave individually at an early stage, and with a preventive approach. This includes the flexibility to adjust the employee's work intensity and scope of work, adapting the work situation accordingly in order to avoid any long-term sick leave, as well as healthy initiatives.

For graphics see next pages >>

*Norsk Industri

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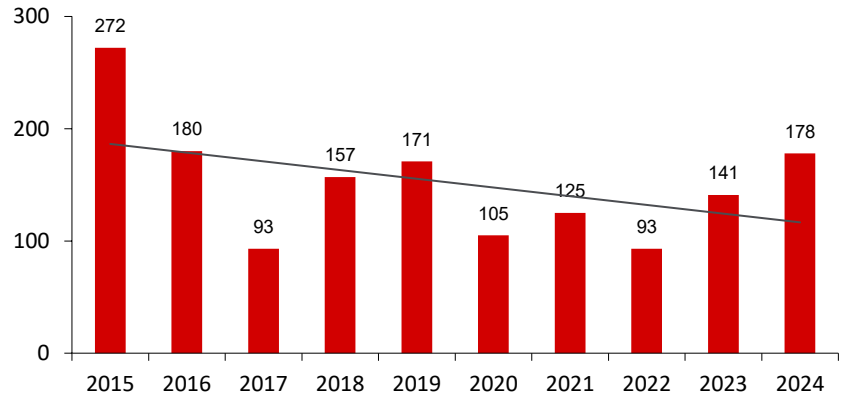
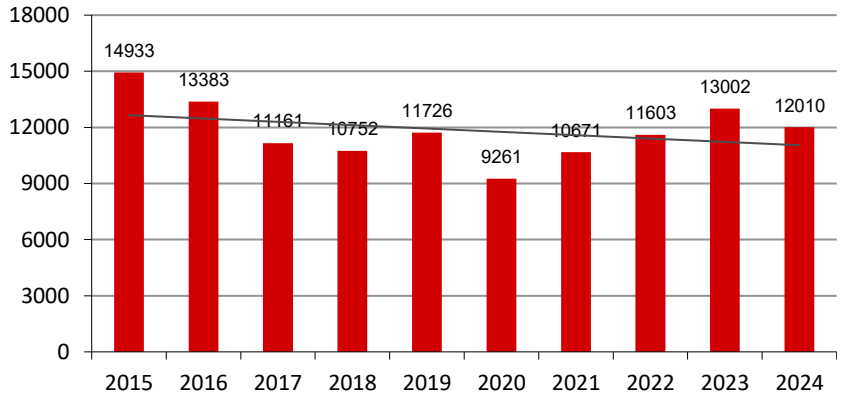
Accidents and safety observations

- Number of accidents increased, but still with a positive trend
- Number of safety observations presenting an increased trend

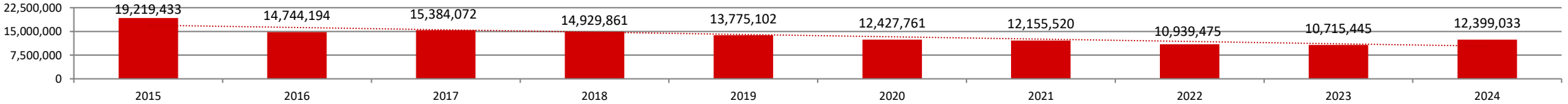
Accidents



Safety observations



Worked Hours



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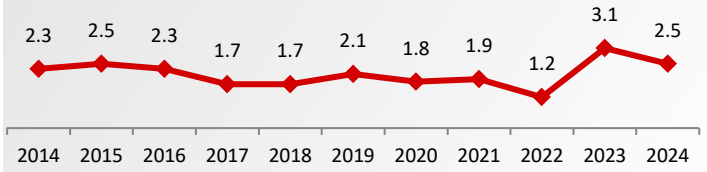
Injuries and Absence

LTI: 3.1

LTI-rate (Lost Time Injuries)*

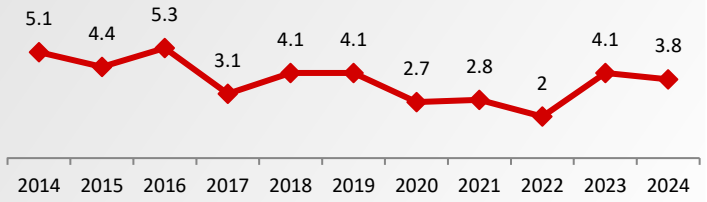
LTI = unfitness for work and absence beyond the day of the accident



TRI: 4.1

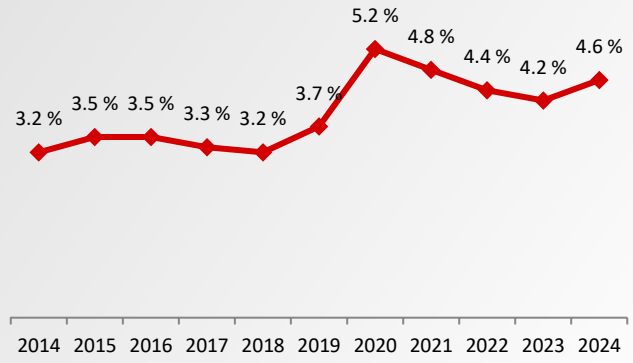
TRI-rate (Total Recorded Injuries)*

TRI = Lost Time Injury + Medical Treatment Case + Restricted Work Case



Sick Leave: 4.6%

Sick Leave %



* Per 1 000 000 hours

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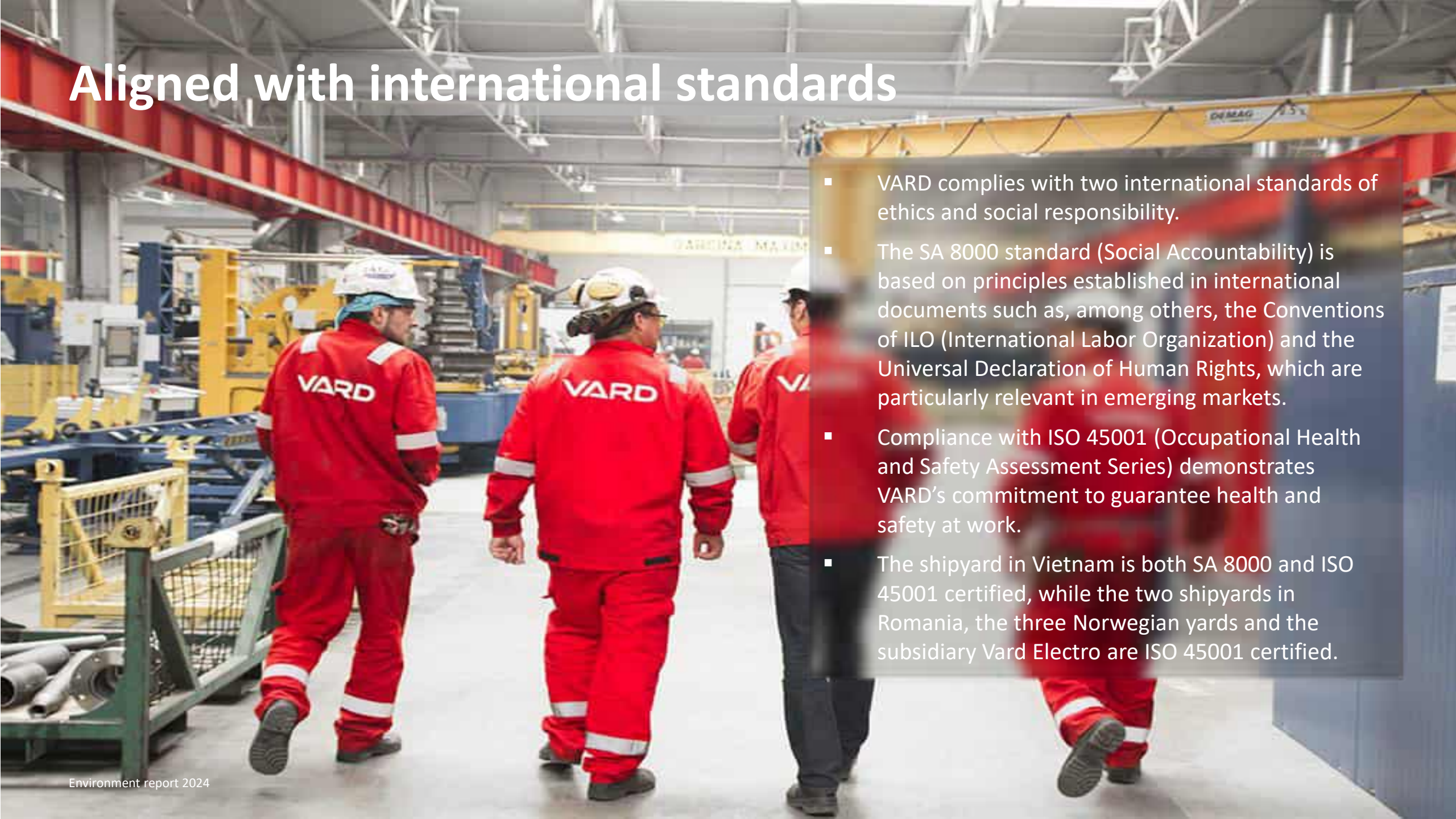
ETHICS AND SOCIAL RESPONSIBILITY

Aligned with international standards



- VARD complies with two international standards of ethics and social responsibility.
- The SA 8000 standard (Social Accountability) is based on principles established in international documents such as, among others, the Conventions of ILO (International Labor Organization) and the Universal Declaration of Human Rights, which are particularly relevant in emerging markets.
- Compliance with ISO 45001 (Occupational Health and Safety Assessment Series) demonstrates VARD's commitment to guarantee health and safety at work.
- The shipyard in Vietnam is both SA 8000 and ISO 45001 certified, while the two shipyards in Romania, the three Norwegian yards and the subsidiary Vard Electro are ISO 45001 certified.

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ENVIRONMENT

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Environmental focus

- With an added emphasis placed on waste management, noise abatement, emission reduction and the construction of eco-friendly vessels, VARD continually strives to tighten policies and improve procedures to minimize the environmental impact.
- The shipyards in Norway, Romania and Vietnam, in addition to the subsidiaries Vard Electro and Seaonics are ISO 14001 certified, and the company`s environmental objectives, which focus on greener production methods, are in line with VARD strategy.
- VARD promotes an open dialogue on environmental issues with employees, authorities, local communities and other stakeholders in addition to conducting regular and routine inspections.
- VARD is also contributing to and included in a comprehensive Sustainability Report* for Fincantieri.

* https://www.fincantieri.com/en/sustainability/
Environment report 2024

Environmental Initiatives

The Sustainable Ocean Principles*
Aiming at promoting the well-being of the ocean for current and future generations, and to emphasize the shared responsibility of businesses to take necessary actions to secure a healthy and productive ocean. Companies signing on to the Sustainable Ocean Principles commit to assess their impact on the ocean and integrate them into their overall strategy.

The Practical Guidances
The guidances complement and operationalize the UN Global Compact Sustainable Ocean Principles for specific industry sectors. For each principle, the guidances provide a set of actions which can be implemented, exemplified by inspirational good practices.

VARD, as part of the Consultative Group, has described some of its good practices in this document.

* UN-Global-Compact-Sustainable-Ocean-Principles-Shipyards.pdf (ungc-communications-assets.s3.amazonaws.com)

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Protecting the environment

98% waste recycling in Vard Group

ISO 14001 certified

Established environmental objectives in line with company` strategy

Protecting the environment is a key focus at VARD. With six of its shipyards and two subsidiaries certified under ISO 14001, VARD continues to explore new ways to improve on its current practices to minimize the impact of its operations on the environment, particularly with regards to waste management, noise abatement, emissions reduction and the construction of eco-friendly ships.

For over 10 years, when a comprehensive waste management framework was established, we have come a long way. VARD continues to register improvements year-on-year, with the amount of waste being recycled of 98% in 2024.

In close cooperation with the environmental authorities, VARD finalized the clean up of polluted soil from its onshore premises.

Being a member of the Confederation of Norwegian Enterprises' NOx-Fund, whose primary objective is to reduce nitrogen oxide (NOx) emission, VARD continues to explore new initiatives to reduce emissions.

VARD will strive for a zero-emission ambition and set targets with minimum 10% yearly improvements measured against the baseline established in 2023.

The Group's investment in shore power systems on the majority of our Norwegian yards contributes to reduce exhaust emissions during new build ship commissioning.

Other initiatives are installation of charging stations for electric vehicles at some of the premises, as well as replacement of conventional illumination to LED, and increase of electrical vehicle in its car fleet.

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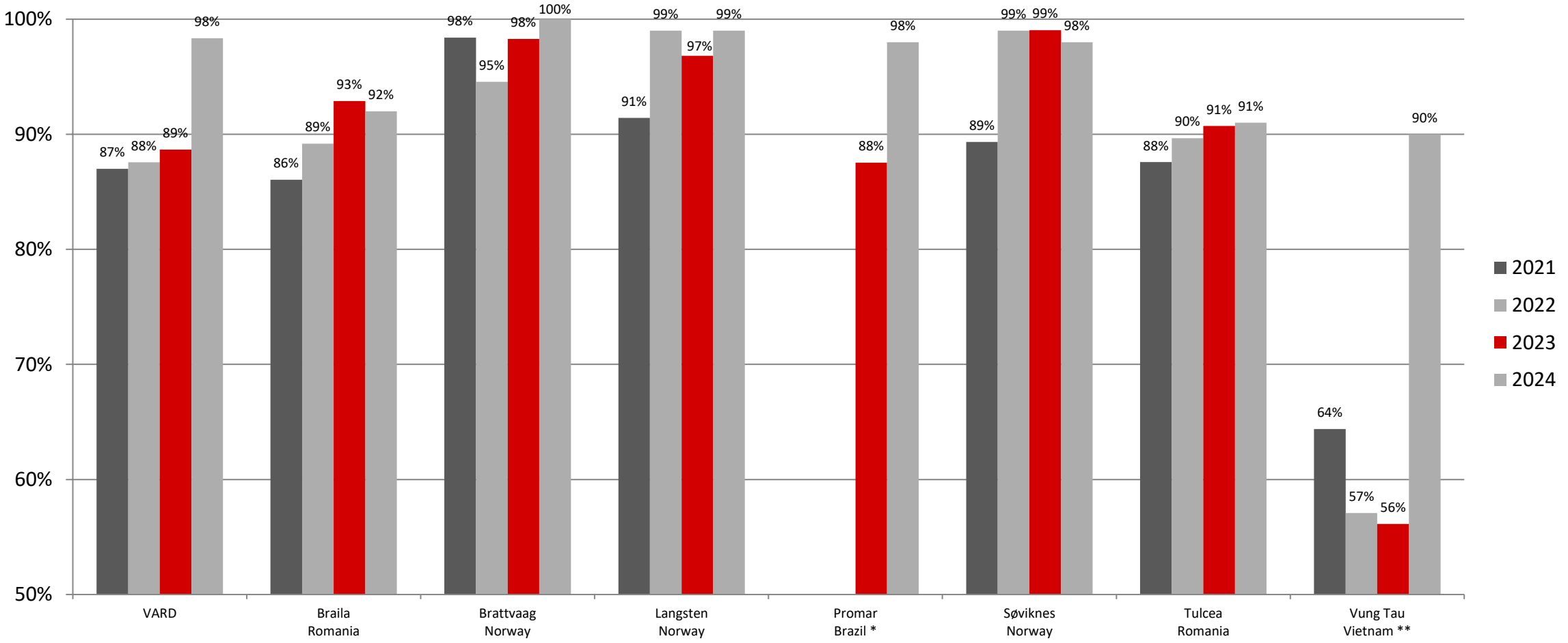
Our approach

As part of our proactive HSE initiatives to achieve Vision Zero, we continue to further develop our robust set of guidelines and principles for our operations:

- ISO 14001 certified locations following best environmental practices
- Operating according to the best practices of the SA 8000 standard for social accountability and achieving ISO 45001 certification for the the Norwegian yards and one Norwegian subsidiary in addition to the Romanian and Vietnamise shipyards.
- Having a robust code of conduct, Ethical Guidelines, reporting channels, Whistle Blowing Policy, continuing the process of implementing the corporate values for both employees, subcontractors and other stakeholders.
- Continuously developing the Vard Management System, which governs our sustainability and social responsibility.
- Suppliers chosen by VARD shall share our values related to fundamental human rights and the requirements in ILO's core conventions as stated in our Supplier Declaration, as well as the Transparency Act, where applicable.
- Use of our HSE films and training courses, focusing on protective gear and best practices to reduce long-term health impacts.
- Consistent HSE assessment and reporting.
- Active promotion and participation in open dialogues with key stakeholders and use the feedback to improve our practices.

Waste recycling ratio



* No figures available for 2021 and 2022

** Residual waste treated as landfill in this country

VARD a Fincantieri company

Environmental accounts

In the following pages we will present the detailed environmental accounts for each yard.

Waste recycling ratio

The shipyards' ability to sort their waste and deliver it for recycling is presented as a recycling percentage. The ratio shows how much of the total amount of waste has been recycled.

Waste management

Certified waste disposal companies collect recycled waste fractions from our yards. Various types of metals - e.g. steel and aluminium - account for the main bulk of waste sent for recycling. Other recycled waste fractions include hazardous materials as EE waste, fluorescent tubes, wood, paint residues, oil-based waste, batteries, waste oil, plastic, food waste, paper and cardboard.

The waste disposal companies' refuse incineration plants, generate electricity and heat from waste not recycled to new materials.

Hazardous waste

Shows the total consumption of hazardous materials as batteries, cooling liquid, EE waste, illuminating rods, oily waste, spray cans and other hazardous waste.

Freshwater

Shows the total consumption of freshwater used in the office buildings and the production facilities. The consumption is dependent on projects, since a certain amount of water is used in testing of various systems on board the vessels.

Ballast water

With respect of the environment, we keep track of the amount of foreign ballast water we import from foreign seas, and discharge outside our yards. For the Norwegian yards, this is basically the ballast water carried in the hulls towed from Braila and Tulcea. The fresh water in Tulcea and Braila is provided by the public water supply.

From an environmental point of view, it is better to use fresh water for this purpose. It has been documented that fresh water organisms do not survive when they are flushed out into the sea.

Environmental accounts

In the following pages we will present the detailed environmental accounts for each yard.

Electricity

Includes the total electricity consumed at the yards' facilities (office buildings, workshops and machinery) and for the pumps, tools, ventilation, lighting and heating used on the vessels during the outfitting period.

Solvents

Shows the amount of solvents used during production, e.g. in connection with the consumption of paint. The solvents in paint are released into the air when the paint dries. We are continuously looking for paint systems with less solvent emission.

Diesel oil for vehicles and heating in buildings

A few of our yards have production workshops which are heated by oil fired systems. This explains the variation in the consumption rates for heating in buildings. Diesel is also used to power forklifts and various vehicles and machines.

Fuel oil

During outfitting, the vessels use fuel oil in connection to commissioning, testing and conduction of sea trials. Ships equipped with a catalyser use urea in addition to fuel, which reduces NOx emissions. The amount of fuel oil consumed will vary from yard to yard as a direct result of number and types of vessels built annually.

Emissions to air

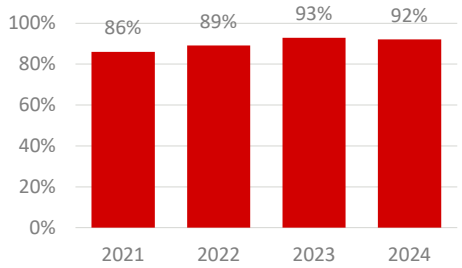
Our yards use an assortment of fossil fuels for powering vessels and vehicles, as well as for heating, etc., thus releasing a certain amount of pollution into the air. Our Synergi software calculates emissions of CO2, NOx, SOx and PM (particulate matter) related to these activities.

Vard Braila

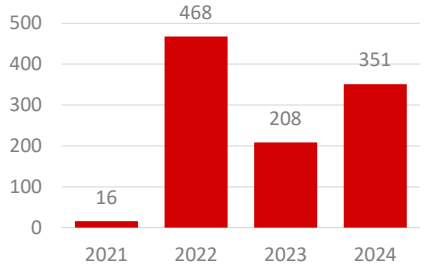
Romania | Established: 1940 | Total yard area: 500 000 m² | Employees: 1 383

Vard Braila

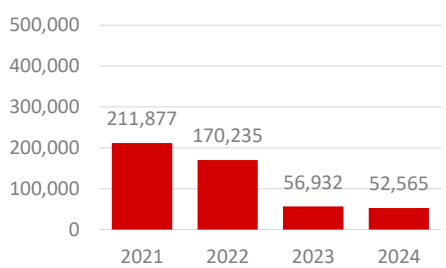
Waste recycling ratio %



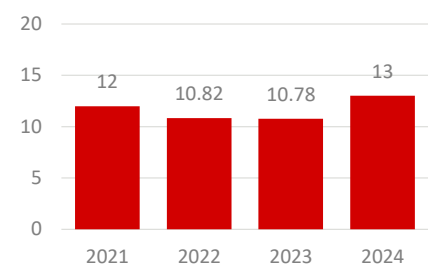
Hazardous waste (tons)



Freshwater (m^3)



Electricity (GWh)



2024					
Energy used		Emissions to air		Waste recycled	
Electricity	13.00 GWh	CO_2	1 196 t	Metal	3 978 t
		NO_X	7 599 t	Wood	169 t
Freshwater used		SO_X	65 t	Paper/ plastic	37 t
Freshwater	52 565 m^3	PM	339 t	Sand from sandblasting	2 795 t
				Recycled waste total	7 338 t
Chemicals used					
Solvents	137 576 l			Waste not recycled	
Diesel	67 100 l			Waste to landfill site	629 t
Fuel oil vessels	125 091 l				

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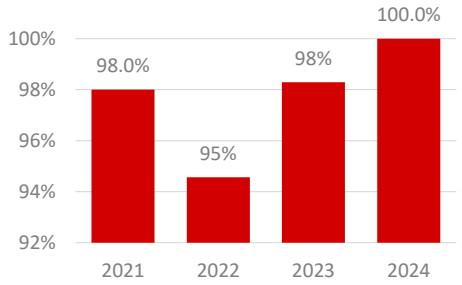
Vard Brattvaag

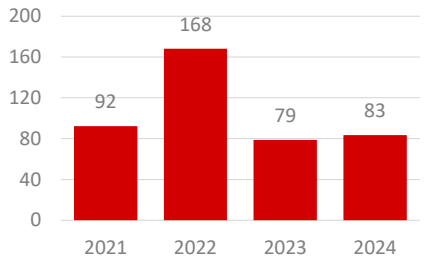
Norway | Established: 1950 | Total yard area: 20 500 m² | Employees: 113

Vard Brattvaag

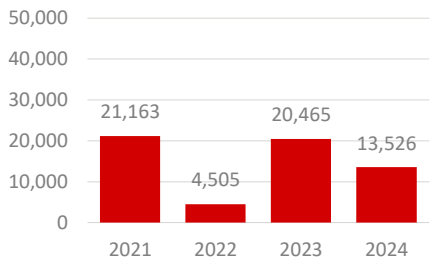
Waste recycling ratio %



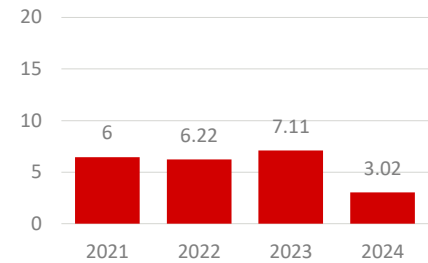
Hazardous waste (tons)



Freshwater (m^3)



Electricity (GWh)



2024					
Energy used		Emissions to air		Waste recycled	
Electricity	3.02 GWh	CO_2	453 t	Metal	553 t
		NO_X	5 t	Wood	139 t
Freshwater used		SO_X	0.08 t	Paper/ plastic	23 t
Freshwater	13 526 m^3	PM	0.31 t	Sand from sandblasting	0 t
				Recycled waste total	950 t
Chemicals used					
Solvents	0 l			Waste not recycled	
Diesel	55 464 l			Waste to landfill site	1.8 t
Fuel oil vessels	95 238 l				

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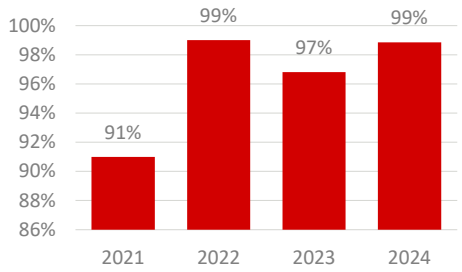
Vard Langsten

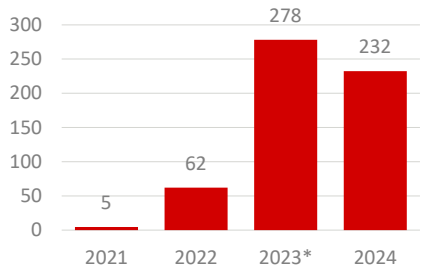
Norway | Established: 1945 | Total yard area: 33 700 m² | Employees: 164

Vard Langsten

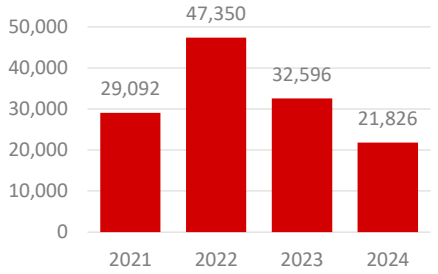
Waste recycling ratio %



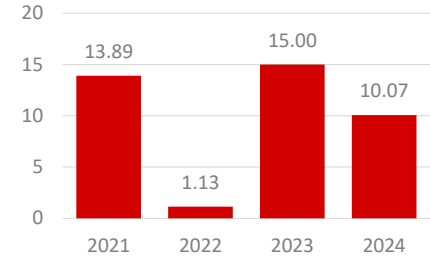
Hazardous waste (tons)



Freshwater (m^3)



Electricity (GWh)



2024					
Energy used		Emissions to air		Waste recycled	
Electricity	10 GWh	CO_2	1 217 t	Metal	30 465 t
		NO_X	18 t	Wood	111 t
Freshwater used		SO_X	0.15 t	Paper/ plastic	19 t
Freshwater	21 826 m^3	PM	0.81 t	Sand from sandblasting	89 t
				Recycled waste total	352 039 t
Chemicals used					
Solvents	16 207 l			Waste not recycled	
Diesel	4 086 l			Waste to landfill site	5 267 t
Fuel oil vessels	453 000 l				

* High volume of sludge from ship repair projects

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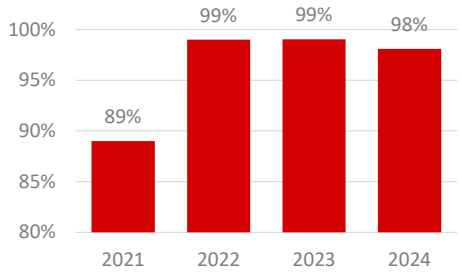
Vard Søviknes

Photo: Kristian Myskja

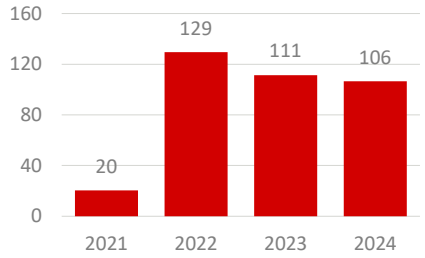
Norway | Established: 1936/1946 | Total yard area: 57 000 m² | Employees: 135

Vard Søviknes

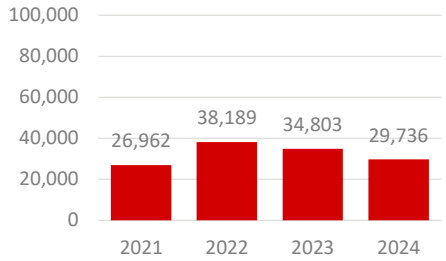
Waste recycling ratio %



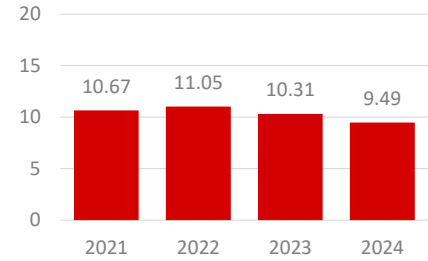
Hazardous waste (tons)



Freshwater (m^3)



Electricity (GWh)



2024					
Energy used		Emissions to air		Waste recycled	
Electricity	9.49 GWh	CO_2	168 t	Metal	422 t
		NO_X	0.39 t	Wood	177 t
Freshwater used		SO_X	0.05 t	Paper/ plastic	41 t
Freshwater	29 736 m^3	PM	0.12 t	Sand from sandblasting	44 t
				Recycled waste total	1 124 t
Chemicals used					
Solvents	0 l			Waste not recycled	
Diesel	32 076 l			Waste to landfill site	22 t
Fuel oil vessels	0 l				

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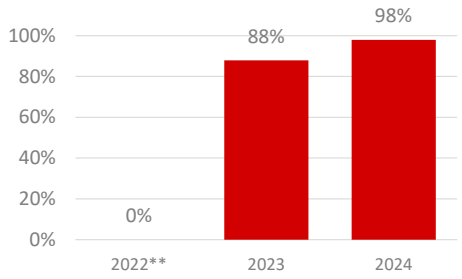
Vard Promar

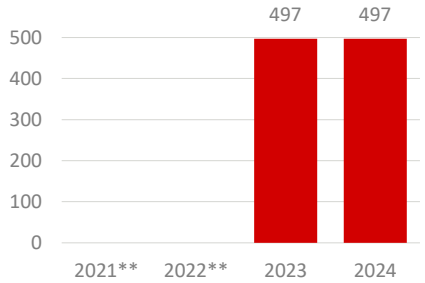
Brazil | Established: 2011 | Total yard area: 250 000 m² | Employees: 145

Vard Promar

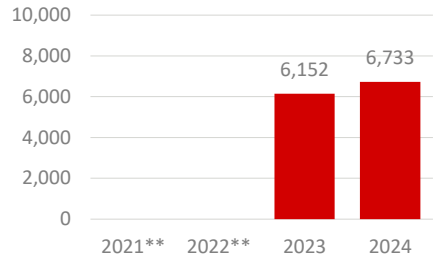
Waste recycling ratio %



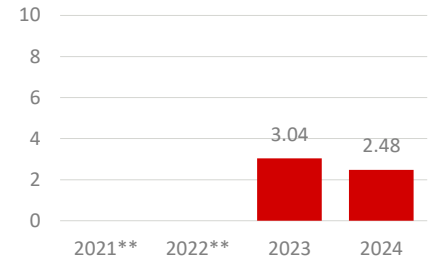
Hazardous waste (tons)



Freshwater (m^3)



Electricity (GWh)



2024					
Energy used		Emissions to air		Waste recycled	
Electricity	2.48 GWh	CO_2	194 t	Metal	1.1 t
		NO_X	0.67 t	Wood	0 t
Freshwater used		SO_X	0.02 t	Paper/ plastic	0 t
Freshwater	6 733 m^3	PM	0.08 t	Sand from sandblasting	0 t
				Recycled waste total	6 598 t
Chemicals used					
Solvents	26 080 l			Waste not recycled	
Diesel	45 326 l			Waste to landfill site	136 t
Fuel oil vessels	0 l				

** No reported figures

VARD
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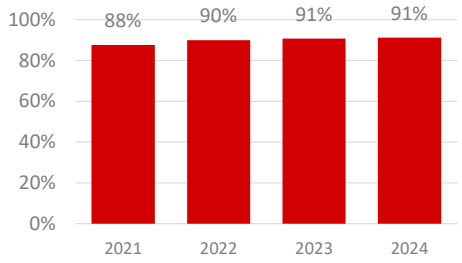
Vard Tulcea

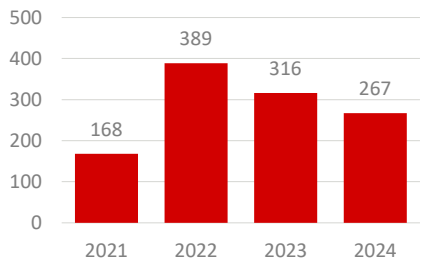
Romania | Established: 1975 | Total yard area: 750 000 m² | Employees: 2 540

Vard Tulcea

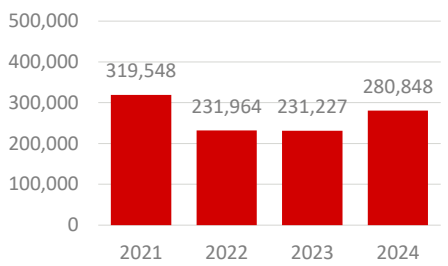
Waste recycling ratio %



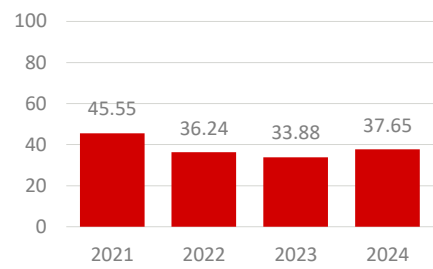
Hazardous waste (tons)



Freshwater (m^3)



Electricity (GWh)



2024					
Energy used		Emissions to air		Waste recycled	
Electricity	37.65 GWh	CO_2	4 322 t	Metal	15 910 t
		NO_X	13 t	Wood	782 t
Freshwater used		SO_X	0.22 t	Paper/ plastic	149 t
Freshwater	280 848 m^3	PM	1.13 t	Sand from sandblasting	4 468 t
				Recycled waste total	21 812 t
Chemicals used					
Solvents	310 852 l			Waste not recycled	
Diesel	588 170 l			Waste to landfill site	2 115 t
Fuel oil vessels	51 340 l				

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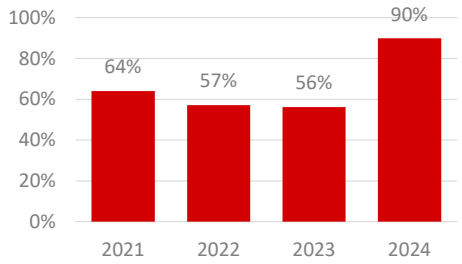
Vard Vung Tau

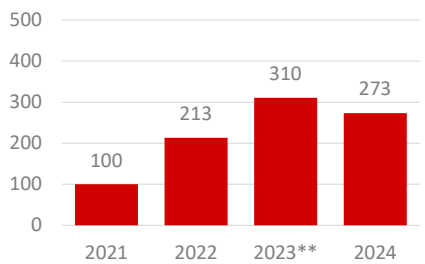
Vietnam | Established: 2007 | Total yard area: 116 000 m² | Employees: 1 378

Vard Vung Tau

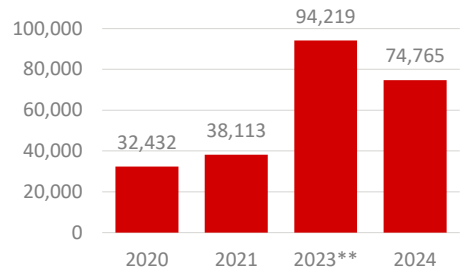
Waste recycling ratio %*



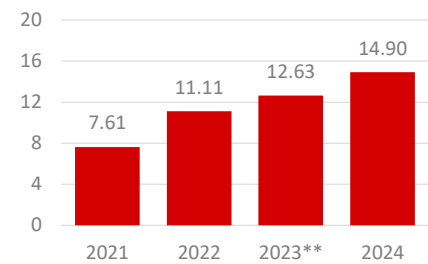
Hazardous waste (tons)



Freshwater (m^3)



Electricity (GWh)



2024					
Energy used		Emissions to air		Waste recycled	
Electricity	14.90 GWh	CO_2	6 921 t	Metal	6 687 t
		NO_X	39 t	Wood	349 t
Freshwater used		SO_X	0.85 t	Paper/ plastic	102 t
Freshwater	74 765 m^3	PM	4.45 t	Sand from sandblasting	0 t
				Recycled waste total	12 976 t
Chemicals used					
Solvents	109 970 l			Waste not recycled	
Diesel	113 488 l			Waste to landfill site	1 468 t
Fuel oil vessels	2 409 338 l				

* Residual waste treated as landfill in this country

** Increased production and expansion of yard facilities

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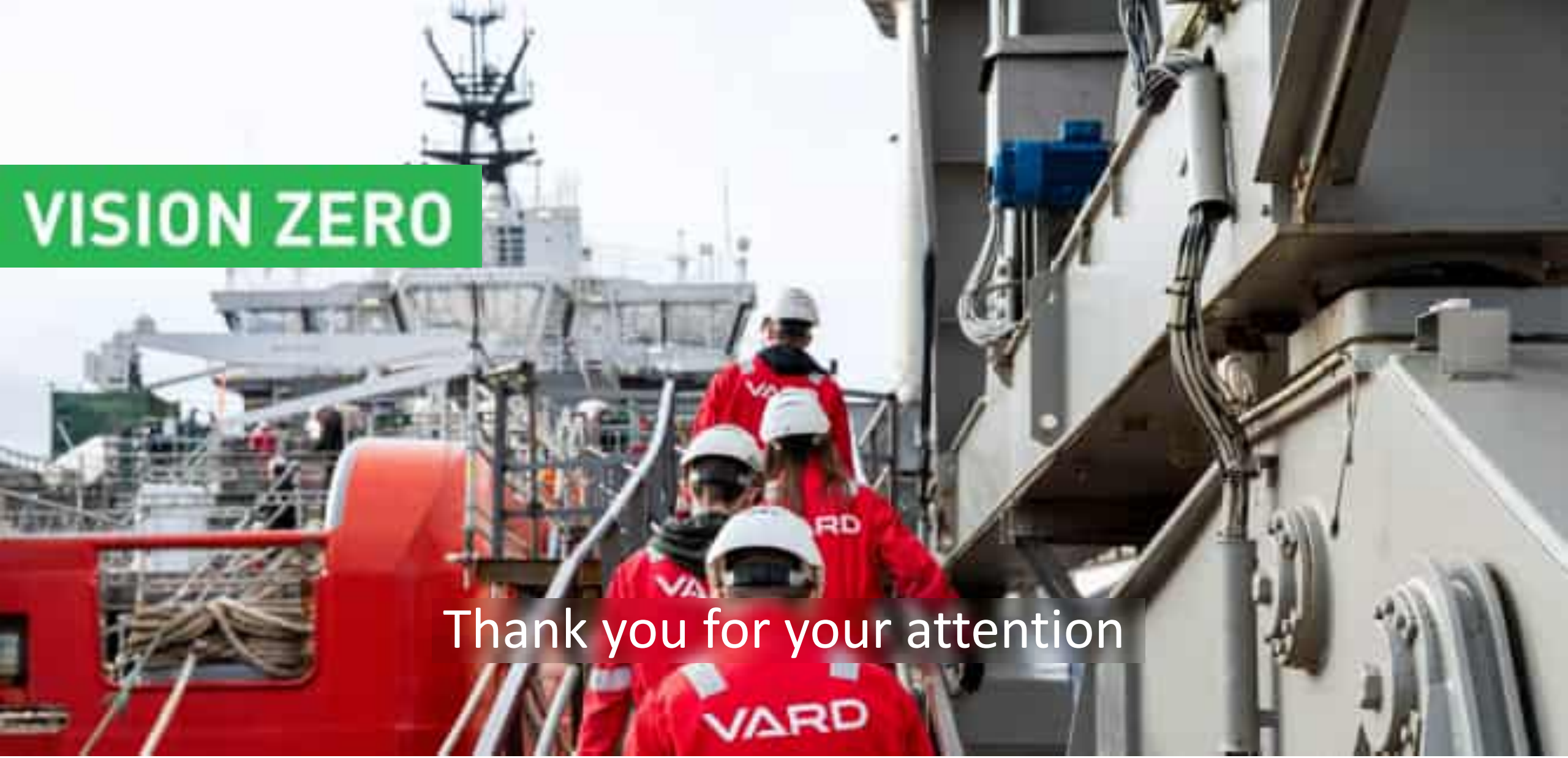
Overview

Resources used	Braila	Brattvaag	Langsten	Promar	Søviknes	Tulcea	Vung Tau
Electricity	13.00 GWh	3.02 GWh	10 GWh	2.48 GWh	9.49 GWh	37.65 GWh	14.90 GWh
Freshwater	52 565 m^3	13 526 m^3	21 826 m^3	6 733 m^3	29 736 m^3	280 848 m^3	74 765 m^3
Solvents	137 576 l	0 l	16 207 l	26 080 l	0 l	310 852 l	109 970 l
Diesel, heating/ vehicles	67 100 l	55 464 l	4 086 l	45 326 l	32 076 l	588 170 l	113 488 l
Fuel oil vessels	125 091 l	95 238 l	453 000 l	0 l	0 l	51 340 l	2 409 338 l
Emissions to air							
CO_2	1 196 t	453 t	1 217 t	194 t	168 t	4 322 t	6 921 t
NO_X	7 599 t	5 t	18 t	0.67 t	0.39 t	13 t	39 t
SO_X	65 t	0.08 t	0.15 t	0.02 t	0.05 t	0.22 t	0.85 t
PM	339 t	0.31 t	0.81 t	0.08 t	0.12 t	1.13 t	4.45 t
Waste recycled							
Metal	3 978 t	553 t	30 465 t	1.1 t	422 t	15 910 t	6 687 t
Wood	169 t	139 t	111 t	0 t	177 t	782 t	349 t
Paper and plastics	37 t	23 t	19 t	0 t	41 t	149 t	102 t
Sand from sandblasting	2 795 t	0 t	89 t	0 t	44 t	4 468 t	0 t
Recycled waste total	2 795 t	950 t	352 039 t	6 598 t	1 124 t	21 812 t	12 976 t
Waste not recycled							
Waste to landfill site	629 t	1.8 t	5 267 t	136 t	22 t	2 115 t	1 468 t
Waste recycling ratio							
	92 %	100 %	99 %	98%	98 %	91 %	90 %



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